

Message Text

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INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 PA-02 PRS-01

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R 082240Z JAN 76

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 2228

UNCLAS SECTION 1 OF 2 MEXICO 0219

PASS ERDA

EO 11652: NA

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SUBJECT: BACKGROUND ON MEXICAN ENERGY PROGRAMS

REF STATE 301432

REF CABLE REQUESTED INFO ON MEXICAN ENERGY PROGRAMS. REPLIES
CORRESPOND TO REF OUTLINE.

I. STATEMENT OF GOVERNMENT STRUCTURE.

PRIMARY RESPONSIBILITY FOR ENERGY ACTIVITIES IS VESTED
IN AN AUTONOMOUS GOVERNMENT DEPT, THE COMMISSION
FEDERAL DE ELECTRICIDAD (CFE). MEXICO'S NEW PUBLIC
ENERGY LAW CENTRALIZES ENERGY POLICY IN THE CFE AND
ESTABLISHES A NATIONAL ENERGY COMMISSION, IN WHICH CFE,
PEMEX, THE INSTITUTO NACIONAL DE ENERGIA NUCLEAR (INEN)
AND THE SECRETARIAT OF NATIONAL PATRIMONY ARE REPRESENTED.
PRESIDENT ECHEVERRIA, IN HIS MESSAGE TO CONGRESS RECOMMEND-
ING ENACTMENT OF THE NEW LAW, EMPHAISZED THAT CENTRALIZA-
TION OF ENERGY MATTERS IN THE CFE WOULD PERMIT THE MOST
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RATIONAL DEVELOPMENT AND USE OF DIVERSE ENERGY

RESOURCES.

OTHER THAN ACTING POSITIVELY ON PRESIDENTIAL INITIATIVES, THE MEXICAN CONGRESS PLAYS VIRTUALLY NO ROLE IN THE ENERGY AREA. NUCLEAR LICENSING IS PRESENTLY THE RESPONSIBILITY OF INEN BUT SERIOUS CONSIDERATION IS BEING GIVEN TO ESTABLISH ENT OF A MEXCIAN NUCLEAR REGULATORY COMMISSION WHICH WILL THEN ASSUME RESPONSIBILITY FOR NUCLEAR PLANT LICENSING. NUCLEAR POWER DEVELOPMENT IS THE RESPONSIBILITY OF INEN BUT PLANT CONSTRUCTION AND OPERATION IS DONE BY CFE.

II. AGENCY RESPONSIBILITIES

INSTITUTO MEXICANO DEL PETROLEO (IMP) - CARRIES OUT R&D FOR PEMEX IN OIL AND TO LESSER EXTEND GEOTHERMAL AREAS.

INSTITUTO DE INVESTIGACIONES ELECTRICAS (IIE) - POWER RESEARCH IN GENERAL

INEN - NUCLEAR ENERGY DEVELOPMENT

CFE- ELECTRICITY PRODUCTION AND DISTRIBUTION AS WELL AS POLICY AND R&D RESPONSIBILITIES FOR ALL ENERGY SOURCES.

CONSEJO NACIONAL DE CIENCIA Y TECNOLOGIA (CONACYT) - FUNDING AGENCY SIMILAR TO NSF. SUPPORTS RESEARCH IN UNIVERSITIES AND OTHER GOVERNMENT LABORATORIOS.

INSTITUTO DE INGENIERIA OF THE UNIVERSIDAD NACIONAL AUTONOMA DE MEXICO - SOLAR R&D

ENERGY POLICY

I. ENERGY OBJECTIVE AND APPROACH TO ENERGY R&D.

FOLLOWING NATIONALIZATION OF OIL INDUSTRY IN 1930'S, GOM PURSUED POLICY OF ENERGY SELF-SUFFICIENCY. THIS LED TO EXCESSIVE RELIANCE ON OIL AND NEGLECT OF COAL RESOURCES. POLICY OF ENERGY SELF-SUFFICIENCY CONTINUES BUT SERIOUS EFFORTS FOR DIVERSIFICATION ARE NOW UNDERWAY. COAL AND NUCLEAR ENERGY ARE SEEN AS THE ONLY VIABLE ALTERNATIVES AT THIS TIME. GOM NOW EXPORTS MINOR AMOUNTS OF CRUDE; ITS LONG TERM POLICY IS TO EXPORT SURPLUS PROCESSED UNCLASSIFIED

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PETROLEUM PRODUCTS AND DERIVATIVES. CURRENTLY, MEIXCAN ENERGY PRODUCTION IS 90.7 PERCENT HYDRO-CARBON (OIL AND GAS) BASED, 6.3 PERCENT COAL, 2.9 PERCENT HYDRO AND 0.1 PERCENT GEOTHERMAL. RECENT OIL DISCOVERIES HAVE PERMITTED PEMEX TO INCREASE ITS PROVEN RESERVES TO 6.5 BILLION BARRELS, EQUIVALENT TO 16 YEARS REQUIREMENTS AT PRESENT RATE OF CONSUMPTION AND GOM GOAL OF 20 YEARS SUPPLY SHOULD

SOON BE MET. SOME UNOFFICIAL ESTIMATES HAVE PLACED MEXICAN RESERVES OF CRUDE OIL AT OVER 20 BILLION BARRELS. CURRENT CRUDE OIL PRODUCTION IS 760,000 BARRELS PER DAY PLUS 75,000 BARRELS OF GASOLINE EXTRACTED FROM NATURAL GAS. PEMEX PRODUCES 60 MILLION CUBIC METERS OF NATURAL GAS PER DAY, OF WHICH THEY CONSUME 30 PERCENT, SELL 50 PERCENT TO LOCAL INDUSTRY AND BURN THE REMAINING 20 PERCENT. PROVEN COAL RESERVES ARE ESTIMATED AT ONE BILLION TONNES AND PROVEN URANIUM RESERVES OF 6,000 TONNES U308. IN 1970, MEXICO HAD 6,000 MW INSTALLED CAPACITY, BY MID-1973 - 9,000 MW, AND EXPECTS BY END 1976 TO HAVE 12,000 MW INSTALLED CAPACITY. THERE IS ONLY ONE ELECTRIC POWER PLANT BURNING COAL. THE FIRST GEOTHERMAL UNIT OF A PLANT IN LOWER CALIFORNIA STARTED UP IN 1973 WITH A CAPACITY OF 37.5 MW. IN 1973, 38 GENERATING UNITS WERE UNDER CONSTRUCTION WITH TOTAL INSTALLED CAPACITY OF 5,000 MW, OF WHICH 1,100 MW WERE HYDRO, 37.5 MW AS SECOND GEOTHERMAL UNIT IN LOWER CALIFORNIA, 650 MW NUCLEAR AT LAGUNA VERDE AND 455 MW IN PLANTS WITH GAS TURBINES AND DIESEL ENGINES. CGE PLANS TWO MORE 37.5 MW GEOTHERMAL UNITS IN LOWER CALIFORNIA, 4,250 MW HYDRO ON SEVERAL RIVERS, A SECOND NUCLEAR UNIT OF 650 MW AT LAGUNA VERDE, AND A COAL BURNING PLANT WITH INITIAL CAPACITY OF 320 MW AND FINAL CAPACITY OF 1,000 MW IN COAHUILA. THEY PLAN ON HAVING 15,000 MW NUCLEAR BY END 1980'S AND 45 PERCENT OF ALL GENERATING CAPACITY TO BE NUCLEAR BY YEAR 2000.

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PASS ERDA

A. MEXICO IS CURRENTLY SELF-SUFFICIENT IN ENERGY.
B. ENERGY POLICY AND R&D PRIORITIES ARE CURRENTLY
BEING DEFINED AND EVALUATED BY GOM.THEY
INTEND TO PLACE MAJOR R&D STRESS ON COAL,
NUCLEAR, SOLAR AND GEOTHERMAL ENERGY SOURCES.
C. ALL ENERGY R&D IS CARRIED OUT IN GOVERNMENT
LABORATORIES OR IN UNIVERSITIES FUNDED BY
GOVERNMENT. EXCEPT IN NUCLEAR FIELD, VERY
LITTLE BASIC RESEARCH IN ENERGY IS DONE IN
MEXICO. MOST OF THE MEXICAN EFFORT IS IN
PROCESS DEVELOPMENT AND ECONOMIC PLANNING.
D. THERE ARE NO JOINT GOVERNMENT-INDUSTRY
ACTIVITIES IN ENERGY R&D ALTHOUGH THE IIE
WORKS WITH PRIVATE INDUSTRY IN ENERGY RELATED
EQUIPMENT DEVELOPMENTS.
E. THERE IS ESSENTIALLY NO ENERGY R&D IN THE
PRIVATE SECTOR.
F. ARTICLE 27 OF THE MEXICAN CONSTITUTION
RESERVES FOR THE NATIONAL GOVERNMENT ALL
ENERGY RESPONSIBILITIES. THE GOVERNMENT,
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THEREFORE, CONTROLS ALL ASPECTS FROM EXPLORA-
TION OF ENERGY RAW MATERIALS TO DISTRIBUTION
OF ELECTRICITY. NO PRIVATE COMMERCIALIZATION
IS PERMITTED.

I. ENERGY R&D ACTIVITIES

A. ENERGY R&D IS LIMITED TO GREAT EXTENT TO
PROCESS DEVELOPMENT AND APPLICATIONS RATHER
THAN RESEARCH. GOM PLANS EVENTUALLY DO MORE
IN COAL, NUCLEAR, SOLAR AND GEOTHERMAL DEVELOP-
MENT BUT STILL NO BASIC RESEARCH.
B. THE PRINCIPAL ENERGY R&D AGENCIES ARE THE IMP
FOR PETROLEUM DEVELOPMENT AND INEN FOR NUCLEAR.
IMP BUDGET FOR FY75 (FISCAL YEAR IS CALENDAR
YEAR) IS US\$24 MILLION (ONE US DOLLAR EQUALS
12.5 PESOS) OF WHICH US\$3.6 MILLION IS FOR
RESEARCH, US\$3.6 MILLION FOR TECHNICAL DEVELOP-
MENT, US\$8.8 MILLION FOR TECHNICAL SERVICES AND

US\$8 MILLION FOR TRAINING. THE BUDGET FOR 1976
WILL BE INCREASED BY 20 PERCENT. THE INEN
BUDGET FOR FY75 IS APPROX 7 \$16 MILLION,
OF WHICH US\$4 MILLION IS FOR RESEARCH, US\$4 MILLION
FOR EXPLORATION, US\$2.4 MILLION FOR DEVELOPMENT
AND US\$5.6 MILLION FOR ALL OTHER EXPENSES
INCLUDING RADIATION APPLICATIONS. ENERGY R&D
BUDGETS OF ALL OTHER AGENCIES ARE VERY SMALL.

INTERNATIONAL ACTIVITIES

I. ALTHOUGH GOM IS MEMBER OF NUMEROUS INTERNATIONAL
TECHNICAL ORGANIZATIONS, THEIAWA IS THE ONLY ONE
IN THE ENERGY FIELD WITH WHICH THEY ARE INVOLVED IN
A MEANINGFUL WAY. THERE HAS BEEN SOME UNDP ACTIVITY
IN COAL DEVELOPMENT BUT, ACCORDING TO CFE OFFICIAL,
HAS NOT BEEN VERY SUCCESSFUL. OAS-IANEX HAS BEEN
OF ZERO VALUE IN THIS AREA.

II. IMP HAS AGREEMENTS WITH BRAZIL, VENEZUELA,
ECUADOR AND JAMAICA. INEN HAS BILATERAL AGREE-
MENTS WITH ARGENTINA, ROMANIA, INDIA AND BRAZIL
AND MAY BE DEVELOPING ONE WITH FRANCE. ALL OF
ABOVE ARE MOSTLY JUST ON THE BOOKS. CFE RECENTLY
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ANNOUNCED THE SIGNING OF US\$40 MILLION CONTRACT
WITH POLAND TO DEVELOP COAL RESOURCES FOR POWER
PLANTS IN COAHUILA.
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